

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 HEW-08 EPA-04 CEQ-02 SCI-06 SS-20

NSC-10 STR-08 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

RSC-01 USIA-15 PRS-01 SPC-03 EB-11 COME-00 INT-08

AID-20 PC-04 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02

DRC-01 /200 W

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R 051115Z NOV 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 351

INFO AMCONSUL RECIFE

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMCONSUL BELEM

AMCONSUL PORTO ALEGRE

AMCONSUL SALVADOR

C O N F I D E N T I A L BRASILIA 7519

E.O. 11652: GDS

TAGS: TGEN, PGOV, PINT, BR

SUBJECT: MEDICI'S FOURTH ANNIVERSARY SPEECH

1. SUMMARY: PRESIDENT MEDICI IN HIS TELEVISED SPEECH TO THE NATION MARKING THE FOURTH ANNIVERSARY OF HIS ACCESSION TO THE PRESIDENCY, HINTED THAT BRAZIL MAY NOT OBTAIN THE GOAL OF REDUCING INFLATION TO 12 PERCENT THIS YEAR. THE PRESIDENT ALSO ANNOUNCED THREE NEW IMPACT PROGRAMS WHICH WILL CREATE: (1) CREDIT INSURANCE FOR FARMERS AGAINST CROP FAILURES AND NATURAL DISASTERS, (2) EMERGENCY MEDICAL CENTERS AND PHYSICIAN HOUSE CALLS FOR THOSE INSURED UNDER INPS (BRAZIL'S SOCIAL SECURITY SYSTEM WHICH INCLUDES MEDICAL BENEFITS) AND (3) AN ENVIRONMENTAL AGENCY UNDER THE MINISTRY OF INTERIOR.

2. PRESIDENT MEDICI, IN AN OBVIOUS ATTEMPT TO PREPARE HIS
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AUDIENCE FOR A POSSIBLE FAILURE TO MEET THE GOAL OF RECUCING

INFLATION TO 12 PERCENT THIS YEAR, SPOKE OF THE "EXTERNAL INFLATION" WHICH BRAZIL HAS HAD TO IMPORT. AMONG THE FACTORS TO WHICH HE ATTRIBUTED THE IMPORTED INFLATION WERE (1) THE HIGH PRICE OF FOOD ON THE WORLD MARKETS, (2) THE DEVALUATION OF THE DOLLAR, (3) SUBSTITUTION OF SPECULATIVE STOCKS OF RAW MATERIALS FOR RESERVE CURRENCIES, (4) CROP FAILURES IN IMPORTANT PRODUCING AREAS AND (5) THE MIDDLE-EAST WAR WITH THE ATTENDANT INCREASE IN PETROLEUM PRICES. IN SPITE OF THESE FACTS, THE GOVERNMENT, ACCORDING TO THE CHIEF EXECUTIVE, IS CONTINUING ITS BITTER BATTLE IN DEFENSE OF THE ECONOMY. REFERRING TO INTERNAL PROBLEMS, HE PROMISED THAT THOSE BRAZILIAN SPECULATORS WHO ATTEMPT TO ENRICH THEMSELVES AT THE EXPENSE OF THE PUBLIC WELFARE WILL BE SEVERELY CASTIGATED.

3. FAITHFUL TO THE STYLE OF HIS ADMINISTRATION, THE PRESIDENT ANNOUNCED WHAT WILL PROBABLY BE HIS LAST IMPACT PROGRAMS. THE PROGRAM OF GUARANTY FOR AGRICULTURAL ACTIVITY (PROAGRO) WILL PROVIDE A MECHANISM FOR EXCUSING FARMERS FROM REPAYMENT OF AGRICULTURAL CREDITS IN CASES OF NATURAL DISASTER, PLAGUES OR DISEASE. THE PRESIDENT ALSO REVIEWED THE PREVIOUS INITIATIVE OF HIS ADMINISTRATION IN THE AGRICULTURAL FIELD.

4. MEDICI, ANNOUNCED THE CREATION OF THE SPECIAL SECRETARIAT FOR THE ENVIRONMENT (SEMA) IN THE INTERIOR MINISTRY. THE NEW SECRETARIAT'S MANDATE IS TO CENTRALIZE AND COORDINATE THE ADMINISTRATION OF THE VARIOUS RULES AND REGULATIONS NOW IN EFFECT DEALING WITH ECOLOGICAL PROBLEMS AND TO DRAW UP NORMS FOR THE UTILIZATION OF NATURAL RESOURCES. THE NEW ORGANIZATION, ACCORDING TO THE PRESIDENT, WILL BE CHARGED WITH THE RESPONSIBILITY OF SEEING THAT THE ECONOMIC GROWTH IS NOT AT THE EXPENSE OF A LOWER QUALITY OF LIFE.

5. THE PRESIDENT ALSO ANNOUNCED THE ESTABLISHMENT OF EMERGENCY MEDICAL CENTERS AND HOUSE CALLS BY DOCTORS FOR THOSE INSURED UNDER THE INPS, THE INSTITUTE NACIONAL DE PROVIDENCIA SOCIAL.

6. COMMENT: THE PRESIDENT'S STATEMENT THAT BRAZIL IS IMPORTING INFLATION IS THE FIRST TIME THAT A HIGH GOVERNMENT OFFICIAL HAS PUBLICLY ADMITTED THE PROBLEMS THE ADMINISTRATION
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IS HAVING IN ACHIEVING ITS AIM OF REDUCING INFLATION TO 12 PERCENT (AS MEASURED BY THE RIO DE JANEIRO COST OF LIVING INDEX). THIS SITUATION HAS BEEN APPARENT FOR SOME TIME TO OBSERVERS. THE GROUND WORK HAS BEEN LAID FOR EXPLAINING TO THE NATION WHY THE MEDICI GOVERNMENT MAY NOT REACH ONE OF ITS MOST PUBLICIZED AND FIERCELY PURSUED ECONOMIC OBJECTIVES FOR 1973.

7. THE THREE IMPACT PROGRAMS SEEM DESIGNED TO MEET SOME

OF THE CRITICISM IN AREAS WHERE THE GOVERNMENT'S PERFORMANCE HAS BEEN LESS THAN ADEQUATE IN THE VIEW OF MANY. REPRESENTATIVES OF AGRICULTURE HAVE CRIED THAT THEIR INTERESTS HAVE BEEN NEGLECTED IN FAVOR OF THE INDUSTRIAL SECTOR. WITH THE CREDIT INSURANCE PROGRAM THE MEDICI GOVERNMENT IS SHOWING ITS CONCERN FOR THE FARMER.

8. IN THE ENVIRONMENT FIELD, THE PRESS AND PUBLIC HAVE BEEN OUT IN FRONT OF THE GOVERNMENT WHICH HAS CLAIMED UNTIL NOW THAT BRAZIL CAN NOT AFFORD THE EXTRA PRICE ANTI-POLLUTION MEASURES WOULD COST ITS DEVELOPMENT PROCESS. ALTHOUGH THERE IS NO INDICATION THAT THE NEW ENVIRONMENTAL AGENCY WILL BE MUCH MORE THAN A WINDOW DRESSING, IT IS SIGNIFICANT THAT THE GOVERNMENT HAS FINALLY ACKNOWLEDGED THAT ECOLOGICAL PROBLEMS EXIST AND IT HAS A RESPONSIBILITY FOR THE PROTECTION OF THE AIR, WATER AND NATURAL RESOURCES OF THE COUNTRY. CRITICS HAVE BEEN QUICK TO POINT OUT THAT FOR THE NEW AGENCY TO HAVE ANY INDEPENDENCE IT SHOULD REPORT DIRECTLY TO THE PRESIDENT, NOT TO THE MINISTER OF INTERIOR WHO HAS RESPONSIBILITIES IN BRAZIL'S DEVELOPMENT DRIVE.

9. THE INPS, THE GOVERNMENT'S MAJOR VEHICLE FOR DISPENSING HEALTH CARE, HAS BEEN A PRIME TARGET OF THE PRESS FOR THE NOTORIOUSLY INEFFICIENT AND UNFEELING WAY IT HAS MINISTERED TO ITS MEDICAL PATIENTS. TO DEAL WITH THE PROBLEM MEDICI HAS CHOSEN TO REVIVE A PREVIOUSLY DISCARDED PROGRAM OFFERING PHYSICIAN HOUSE CALLS AND EMERGENCY MEDICAL CENTERS. IN INPS MEDICAL CENTERS PATIENTS HAVE BEEN REPORTED TO HAVE DIED WHILE WAITING IN LINE TO SEE A DOCTOR.

10. THE SPEECH APPEARS TO BE AN ATTEMPT BY THE PRESIDENT TO RETAIN AN IMAGE OF INITIATIVE IN THE LAST FEW MONTHS OF HIS TENURE. THE EMBASSY HAS NOT SEEN ANY FAVORABLE COMMENTS
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ON THE SPEECH. THE ESTADO DE SAO PAULO, WAS PARTICULARLY CRITICAL, CHARACTERIZING THE SPEECH INAPPROPRIATE AND THE PROGRAMS ANNOUNCED AS TOO LITTLE AND LATE.
CRIMMINS

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